

## **GTE ATTACHMENT 2**

### **GTE's February 25, 1999 Tariff Transmittal No. 275**

filed on a streamlined basis under Section 204(a)(3)  
of the Communications Act on 7 days' notice.

Helen M. Hall  
Director-Tariffs



**GTE Service  
Corporation**

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February 25, 1999

**GSTC Transmittal No. 275**

Ms. Magalie R. Salas, Secretary  
Federal Communications Commission  
1919 M Street, NW  
Washington, DC 20554

**Attention: Common Carrier Bureau**

Dear Ms. Salas:

The accompanying tariff material, issued on behalf of the GTE System Telephone Companies (GSTCs) and bearing GSTC Tariff FCC No. 1, is sent to you for filing in compliance with the requirements of the Communications Act of 1934, as amended. This filing, to become effective March 4, 1999, consists of tariff pages as indicated on the following check sheet:

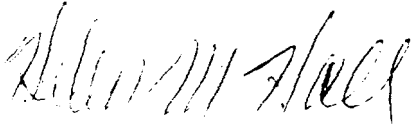
**GSTC Tariff FCC No. 1 - 271st Revised Page 1**

This filing is being made to adjust the monthly rate for the Service Provider Number Portability Fee. The monthly rate is being reduced based on revisions to the cost support originally filed under Trans. No. 271.

The filing fee for this transmittal was made to Mellon Bank electronically today. The electronic audit code is 167552290551452. Supporting information discussed under Section 61.49 of the Commission's Rules is attached.

Acknowledgement and date of receipt of this filing are requested. A duplicate letter is provided for this purpose. All correspondence and inquiries concerning this filing may be hand delivered to F. Gordon Maxson, GTE Service Corporation, 1850 M Street NW, Suite 1200, Washington, DC 20036, telephone (202) 463- 5291, facsimile numbers (202) 463-5239 or 463-5298.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Helen Hall".

Helen Hall  
Director-Tariffs

HH/RR:ga

Attachments

Tariff Pages (2 sets)

Cost Support

Copy of Letter With Attachments Concurrently Sent To:

Chief, Tariff Review Branch (Public Reference Copy)

Commercial Contractor - International Transcription Service (ITS)

Effective: March 4, 1999

# ACCESS SERVICE

## Check Sheet

Title Pages 1 to 4 and Pages 1 to 696, inclusive, of this tariff are effective as of the date shown. The original and revised pages named below, and Supplement Nos. 40, 41, 42 and 43 contain all changes from the original tariff that are in effect on the date shown.

<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>
Title Page 1	Original	28.5.2	Original	64	2nd
Title Page 2	5th	28.6	1st	65	3rd
Title Page 3	6th	29	Original	66	1st
Title Page 4	6th	30	5th	67	2nd
1	271st*	31	2nd	68	1st
2	110th	31.1	Original	69	4th
3	93rd	32	4th	70	7th
3.1	13th	33	3rd	71	4th
4	86th	34	1st	72	1st
4.1	15th	34.1	4th	72.1	Original
5	94th	35	2nd	73	4th
6	83rd*	36	Original	73.1	1st
7	33rd	37	Original	74	3rd
8	30th	38	1st	74.1	2nd
8.1	8th	39	1st	75	3rd
8.2	Original	40	4th	76	2nd
9	Original	41	Original	77	2nd
10	2nd	42	1st	78	5th
11	7th	43	Original	79	3rd
12	4th	44	Original	80	3rd
13	5th	45	1st	80.1	Original
14	2nd	46	4th	81	3rd
15	5th	47	Original	81.1	3rd
16	1st	48	Original	81.2	1st
17	2nd	49	1st	82	2nd
18	2nd	50	Original	82.1	Original
19	7th	51	2nd	83	3rd
20	4th	52	Original	83.1	Original
21	14th	53	1st	84	7th
22	2nd	54	1st	84.1	6th
23	1st	55	2nd	84.2	Original
24	1st	56	3rd	84.3	Original
25	16th	56.1	1st	85	1st
26	3rd	57	Original	85.1	Original
27	3rd	58	6th	86	5th
28	1st	59	20th	86.1	Original
28.1	6th	59.1	4th	87	4th
28.2	7th	59.2	Original	87.1	1st
28.3	2nd	60	8th	88	1st
28.4	1st	61	7th	89	3rd
28.5	1st	62	1st	90	4th
28.5.1	2nd	63	4th	91	2nd

\* New or Revised

(This page filed under Transmittal No. 275.)

Effective: March 4, 1999

ACCESS SERVICE

Check Sheet

<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revision</u>
363	17th	395	3rd	400	1st
364	19th	395.1	2nd	401	2nd
365	17th	395.2	2nd	402	4th
366	17th	395.3	2nd	403	3rd
367	14th	395.4	9th	404	3rd
368	15th	395.5	9th	405	2nd
369	15th	395.5.1	2nd	406	2nd
370	15th	395.6	6th	407	1st
371	15th	395.6.1	5th	408	1st
372	15th	395.6.2	1st	409	1st
373	2nd	395.7	22nd	410	1st
374	29th	395.8	7th	411	1st
374.1	6th	395.9	5th	412	1st
374.2	2nd	396	3rd	413	2nd
374.3	2nd	397	Original	414	2nd
374.4	2nd	398	Original	415	2nd
375	25th	399	Original	416	2nd
376	2nd	399.1	4th	417	1st
377	4th	399.2	3rd	418	1st
377.1	18th	399.3	6th	419	1st
378	23rd	399.4	2nd	420	1st
379	1st	399.5	2nd	421	1st
379.1	9th	399.6	4th	422	2nd
380	8th	399.7	5th*	423	1st
380.1	3rd	399.8	1st	424	1st
380.2	3rd	399.9	1st	425	1st
380.3	5th	399.10	1st	426	1st
380.4	1st	399.11	1st	427	1st
381	Original	399.12	1st	428	1st
382	11th	399.13	1st	429	1st
383	Original	399.14	1st	430	1st
384	14th	399.15	1st	431	1st
385	Original	399.16	1st	432	1st
386	Original	399.17	1st	433	1st
387	Original	399.18	1st	434	1st
388	11th	399.19	1st		
389	7th	399.20	1st		
389.1	Original	399.21	1st		
390	6th	399.22	1st		
391	Original	399.23	1st		
392	4th	399.24	1st		
393	5th	399.25	1st		
393.1	2nd	399.26	1st		
394	3rd	399.27	1st		
394.1	2nd	399.28	1st		
		399.29	1st		

\* New or Revised

(This page filed under Transmittal No. 275.)

Effective: March 4, 1999

## ACCESS SERVICE

### 8. Miscellaneous Services (Cont'd)

#### 8.14 Service Provider Number Portability Fee

The Service Provider Number Portability (SPNP) Fee recovers the costs of implementing long-term number portability. The SPNP Fee shall be assessed to each end user in the 100 largest Metropolitan Statistical Areas (MSAs) and each end user served from a number-portability-capable wire center outside the 100 largest MSAs with the following exceptions.

- Each PBX Trunk shall be assessed nine (9) monthly SPNP Fees (T)
- Each ISDN PRI arrangement shall be assessed five (5) monthly SPNP Fees (T)
- Lifeline customers shall not be assessed the SPNP Fee

The SPNP Fee shall also be assessed to carriers that purchase (T) Telephone Company unbundled switching ports and resellers of the Telephone Company's local service.

The Telephone Company shall recover the SPNP Fee for a five-year period from initial billing implementation date of March 10, 1999 with the following exception.

- Not applicable in Texas until July, 1999.

<u>SPNP Monthly Rate</u> <u>Per Line</u>	<u>SPNP Monthly Rate</u> <u>Per PBX Trunk</u>	<u>SPNP Monthly Rate</u> <u>Per ISDN PRI Arrangement</u>	
\$ .38	\$3.42	\$1.90	(R)

**GTE SYSTEMS TELEPHONE COMPANIES  
SERVICE PROVIDER NUMBER PORTABILITY RECOVERY FEE  
TRANSMITTAL No. 275**

**DESCRIPTION AND JUSTIFICATION**

**TABLE OF CONTENTS**

**SECTION**

- I. Introduction
- II. Service Provider Number Portability (SPNP) Cost Support
  - 1. GTE FCC Chart 1
  - 2. LNP Conversion Sites by Year
  - 3. LNP Line Demand Forecast
  - 4. GTE FCC Chart 2a
  - 5. GTE FCC Chart 2b
  - 6. GTE Total LNP End User Investment (EUI\_1 - EUI\_6)
  - 7. Work papers (WP\_1 - WP\_9)
  - 8. Supplemental Detail (SUPP\_1 - SUPP\_40)
- III. Allocation and Apportionment of Costs
- IV. Attachments
  - 1. GTE FCC Chart 1
  - 2. LNP Conversion Sites by Year
  - 3. LNP Line Demand Forecast
  - 4. GTE FCC Chart 2a
  - 5. GTE FCC Chart 2b
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**GTE SYSTEMS TELEPHONE COMPANIES  
SERVICE PROVIDER NUMBER PORTABILITY RECOVERY FEE  
TRANSMITTAL No. 275**

**DESCRIPTION AND JUSTIFICATION**

**SECTION I. - INTRODUCTION**

The GTE Telephone Operating Companies' (GTOCs') Service Provider Number Portability Fee was developed to attempt to recover the appropriate costs incurred by GTE to redesign network components and associated systems to provide long-term service provider number portability. The cost study developed by GTE is in compliance with the Federal Communications Commission's (Commission) rules established in FCC Docket 95-116 and FCC 98-92 which requires carriers to include only carrier-specific costs directly related to providing number portability. GTE has estimated the cost of Service Provider Number Portability (SPNP) to be fully recovered at a uniform monthly charge of \$ .38, to be assessed over a 60 month period.

GTE's initial filing on January 15, 1998 contained cost studies to support a monthly rate of \$ .43. Based on adjustments made to correct a mathematical error used in the calculation of annualized capital costs, modification to the inflation factor development, and expense reclassifications, the monthly rate was adjusted.

The attached cost study was revised to include these changes. The provided documentation will highlight the impact of these changed cost study provided to support the SPNP fee.

**SECTION II. - SERVICE PROVIDER NUMBER PORTABILITY COST SUPPORT**

**1) GTE FCC CHART 1**

Chart 1 shows the five years of investment, installation costs and recurring incremental expenses for all LNP services combined. In addition, this chart includes the total number of LNP lines. As detailed in paragraph 52 of FCC DA 98-2534, no entries were made for depreciation, amortization, return or taxes.

Change from 1/15/99 submission:

The expense changes noted from WP\_1 through WP\_9 are reflected in this expense summary.

**2) LNP CONVERSION SITES BY YEAR**

This chart shows the forecasted conversion sites by year in accordance with paragraph 52 of the order mentioned above.

3) GTE LNP LINE DEMAND FORECAST

This chart shows the development of the forecasted lines into an annual levelized demand number used in the calculation of the end user fee per the requirements in paragraph 48 of FCC DA 98-2534. GTE did not include any demand adjustments for uncollectibles.

Change from 1/15/99 submission:

The P/F factor change is consistent with the changes in Chart 2b.

4) GTE FCC CHART 2a

This chart shows the costs from Chart 1 that are allocated to end-user service. The basis for the allocation of services, (i.e., direct assignment/attribution based on cost-causative factors/allocated based on relative capacity requirements), as required in paragraph 53, is shown on WP\_1 and summarized on this chart.

Change from 1/15/99 submission:

The expense changes from WP\_1 through WP\_9 are reflected in this chart.

5) GTE FCC CHART 2b

This chart shows how the revenue requirement is developed from the costs shown in Chart 2a. This chart also includes the amortization over five years of the allocated investment, and the return and tax calculation. Also included are the service demand estimates and the calculation used to derive the proposed rate for the service. Per paragraph 53, specific years are represented in columns and the cost items are in rows.

Changes from 1/15/99 submission:

The calculation of the "Present Worth Factors" is based on year-end rather than a mid-year point methodology and is reflected with the smaller factors included.

The cost of capital and the amortization amounts were recalculated based on the discovery of a formula error.

The monthly levelized surcharge was reduced from the January 15<sup>th</sup> rate

of \$ .43 to \$ .38.

6) GTE TOTAL LNP END USER INVESTMENT – (EUI\_1 through 6)

These pages show the development of specific investment and expense calculations that support the costs summarized on Chart 1 and Chart 2a.

Changes from 1/15/99 submission:

The reclassification of 1997 and 1998 switch and system expenses reduces total 1997 expenses by \$33,758. The 1998 impact was an expense reduction of \$1,335,024.

GTE also modified the calculation of the F/P factor for the years 1999 through 2003. The revised factors are consistent with forecasts of overall inflation (CPI) for the years 1999 through 2003.

7) WORK PAPERS – (WP\_1 through 9)

In accordance with paragraph 49, "LECs must provide a worksheet for dedicated and joint costs, as defined in this Order". The development of dedicated costs is shown in WP\_1 through WP\_4, joint costs on WP\_5 and WP\_6, and WP\_7 through WP\_9 is provided for overheads. LNP function, FCC Part 32 account, totals or gross investment, and the percent assigned to LNP service are included.

Changes from 1/15/99 submission:

WP\_1 Dedicated Costs – 1997 - \$32,698,000 originally assigned to Operational Support Systems expense was reassigned to LRN software expense.

WP\_1 Dedicated Costs – 1998 – a minor mathematical error was corrected in column (b) – Total Investment column.

WP\_5 & WP\_6 Joint Costs – 1997 & 1998 – cosmetic changes were made in column (b) that did not impact the allocation of expenses to LNP. The "Percent Allocated to End User Surcharge" column (h) was corrected and changed due to a rounding error from 93.73% to 93.74%.

WP\_7 through WP\_9 Overhead Costs – 1997 & 1998 – Expenses were reclassified between accounts and years. The net impact of the changes for the seven years to the overheads assigned to end-users (column I, WP\_9) is an increase of \$126,275.

8) SUPP\_1 through SUPP\_9

These pages have been added to provide additional detail for the Operating Support System Type A and Type B dedicated expenses. (WP\_1 through WP\_4)

#### ALLOCATION AND APPORTIONMENT OF COSTS

The allocation of costs to LNP Services, as referenced in paragraph 38 is in compliance with the directives in paragraph 41, based on "busy hour" demand.

The eligible LNP costs were allocated to the LNP services by the relative busy hour capacity used. The total busy query capacity of all the LNP SCP's was calculated. Then the busy hour queries for each query service was divided by the busy hour capacity to determine the percent of busy hour capacity used. The total LNP costs was multiplied by this percentage for each service to determine the amount to apply for that service.

The methodology used by GTE consisted of nine steps as follows.

Step 1. Calculate the average BH attempts per line for each state.

BH Call Attempts  
Working Lines

Step 2. Calculate a weighting factor for each state.

Working Lines  
Total GTE Lines

Step 3. Calculate the weighted attempts per line.

Average attempts per line \* weighting factor

Step 4. Calculate the weighted percent InterLATA calls for each state.

Percent InterLATA calls \* weighting factor

Step 5. Calculate the GTE average attempts per line by summing all the weighted attempts per line.

Step 6. Calculate the GTE percent InterLATA calls by summing the weighted percent InterLATA.

Step 7. Calculate the GTE average BH-Full Day ratio from the BH-Full Day ratio for all the states.

Step 8. Determine the base busy hour call attempts by year.

$$\text{LNP Deployed Lines Year X} * \text{Avg. Att. Per Line from Step 3}$$

Step 9. Calculate GTE Internal Queries.

$$\text{BH Call Attempts from Step 8} * (100\% - \% \text{Intraoffice} - \% \text{InterLATA})$$

### Apportionment of Costs between Services

The amount of joint costs to assign to LNP services were determined by applying the incremental percent increase in processor real time due to LNP as an allocation factor. This determination was done as the only joint costs identified by GTE were the processor and memory upgrades in the switches.

**GTE SYSTEMS TELEPHONE COMPANIES  
SERVICE PROVIDER NUMBER PORTABILITY RECOVERY FEE  
TRANSMITTAL No. 275**

**DESCRIPTION AND JUSTIFICATION**

**TABLE OF CONTENTS**

SECTION

- I. Introduction
- II. Service Provider Number Portability (SPNP) Cost Support
  - 1. GTE FCC Chart 1
  - 2. LNP Conversion Sites by Year
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These pages have been added to provide additional detail for the Operating Support System Type A and Type B dedicated expenses.

(WP\_1 through WP\_4)  
ALLOCATION AND APPORTIONMENT OF COSTS

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The methodology used by GTE consisted of nine steps as follows.

Step 1. Calculate the average BH attempts per line for each state.

$$\frac{\text{BH Call Attempts}}{\text{Working Lines}}$$

Step 2. Calculate a weighting factor for each state.

$$\frac{\text{Working Lines}}{\text{Total GTE Lines}}$$

Step 3. Calculate the weighted attempts per line.

$$\text{Average attempts per line} * \text{weighting factor}$$

Step 4. Calculate the weighted percent InterLATA calls for each state.

$$\text{Percent InterLATA calls} * \text{weighting factor}$$

Step 5. Calculate the GTE average attempts per line by summing all the weighted attempts per line.

Step 6. Calculate the GTE percent InterLATA calls by summing the weighted percent InterLATA.

Step 7. Calculate the GTE average BH-Full Day ratio from the BH-Full Day ratio for all the states.

Step 8. Determine the base busy hour call attempts by year.

LNP Deployed Lines Year X \* Avg. Att. Per Line from Step 3

Step 9. Calculate GTE Internal Queries.

BH Call Attempts from Step 8 \* (100% - %Intraoffice - %InterLATA)

### Apportionment of Costs between Services

The amount of joint costs to assign to LNP services were determined by applying the incremental percent increase in processor real time due to LNP as an allocation factor. This determination was done as the only joint costs identified by GTE were the processor and memory upgrades in the switches.

**GTE TELEPHONE OPERATING COMPANIES  
SERVICE PROVIDER NUMBER PORTABILITY RECOVERY FEE  
TRANSMITTAL No. 1196**

**DESCRIPTION AND JUSTIFICATION**

**TABLE OF CONTENTS**

**SECTION**

- I. Introduction
- II. Service Provider Number Portability (SPNP) Cost Support
  - 1. GTE FCC Chart 1
  - 2. LNP Conversion Sites by Year
  - 3. LNP Line Demand Forecast
  - 4. GTE FCC Chart 2a
  - 5. GTE FCC Chart 2b
  - 6. GTE Total LNP End User Investment (EUI\_1 - EUI\_6)
  - 7. Work papers (WP\_1 - WP\_9)
  - 8. Supplemental Detail (SUPP\_1 - SUPP\_40)
- III. Allocation and Apportionment of Costs
- IV. Attachments
  - 1. GTE FCC Chart 1
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**GTE**  
**FCC CHART 1**  
**TOTAL LNP INVESTMENTS, EXPENSES, AND ACCESS LINES**

<u>INVESTMENTS &amp; EXPENSES</u>	<u>1999</u>	<u>2000</u>	<u>YEAR</u> <u>2001</u>	<u>2002</u>	<u>2003</u>
SWITCH INVESTMENT	\$13,587,586.10	\$7,823,732.07	\$4,204,627.81	\$0.00	\$0.00
SWITCH EXPENSES	\$154,804,319.40	\$43,590,541.50	\$12,951,487.08	\$0.00	\$0.00
SS7 INVESTMENT	\$30,304,589.36	\$584,337.60	\$80,059.47	\$81,980.90	\$84,030.42
SS7 EXPENSES	\$25,281,059.11	\$11,198,830.10	\$9,504,019.62	\$5,619,298.52	\$5,759,780.98
SYSTEM INVESTMENT	\$8,168,901.81	\$0	\$0	\$0	\$0
SYSTEM EXPENSES	\$41,062,928.42	\$5,859,316.94	\$6,331,745.38	\$1,846,209.77	\$1,961,830.16
NPAC ALLOCATED SHARE - EXPENSE	\$7,532,452.63	\$5,217,300.00	\$5,337,297.90	\$5,465,393.05	\$5,602,027.88
INCREMENTAL OVERHEAD EXPENSE	\$24,543,088.21	\$11,644,703.69	\$8,940,036.96	\$0.00	\$0.00
<b>TOTAL INVESTMENT</b>	<b>\$52,061,077.28</b>	<b>\$8,408,069.67</b>	<b>\$4,284,687.28</b>	<b>\$81,980.90</b>	<b>\$84,030.42</b>
<b>TOTAL EXPENSES</b>	<b>\$253,223,847.77</b>	<b>\$77,510,692.23</b>	<b>\$43,064,586.95</b>	<b>\$12,930,901.34</b>	<b>\$13,323,639.02</b>
 <u>ACCESS LINES</u>					
<b>LNP TOTAL</b>	<b>16,169,387</b>	<b>22,966,496</b>	<b>24,657,127</b>	<b>25,295,429</b>	<b>25,908,542</b>

LNP CONVERSION SITES BY YEAR

SWITCH TECHNOLOGY

	<u>1997 SITES</u>	<u>1998 SITES</u>	<u>1999 SITES</u>	<u>2000 SITES</u>	<u>2001 SITES</u>	<u>TOTAL</u>
GTD5	152	91	100	226	38	607
5ESS	63	22	19	31	2	137
DMS100	53	33	17	74	4	181
DMS10	4	23	19	103	357	506
DCO	2	9	5	48	105	169
VIDAR	0	2	0	10	19	31
	<b>274</b>	<b>180</b>	<b>160</b>	<b>492</b>	<b>525</b>	<b>1631</b>

**GTE**  
**LNP LINE DEMAND FORECAST**  
**DEMAND LEVELIZATION**

Cost of Money = 11.25%

YEAR		LINES (A)	P/F FACTOR (B)	P/F DEMAND (C=A*B)	A/P FACTOR (D)	ANNUAL LEVELIZED DEMAND (E=C*D)
1	1999	16,169,387	0.89407	14,456,496		
2	2000	22,966,496	0.79935	18,358,352		
3	2001	24,657,127	0.71467	17,621,825		
4	2002	25,295,429	0.63897	16,162,924		
5	2003	25,908,542	0.57128	14,800,975		
TOTALS		114,996,981		81,400,572	0.26241	21,360,136

GTE  
**FCC CHART 2a**  
**END USER SURCHARGE INVESTMENT ALLOCATIONS**

	YEAR				
<u>INVESTMENTS &amp; EXPENSES</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
SWITCH INVESTMENT	\$13,587,586.10	\$7,823,732.07	\$4,204,627.81	\$0.00	\$0.00
SWITCH EXPENSES	\$154,804,319.40	\$43,590,541.50	\$12,951,487.08	\$0.00	\$0.00
SS7 INVESTMENT	\$30,304,589.36	\$584,337.60	\$80,059.47	\$81,980.90	\$84,030.42
SS7 EXPENSES	\$25,281,059.11	\$11,198,830.10	\$9,504,019.62	\$5,619,298.52	\$5,759,780.98
SYSTEM INVESTMENT	\$8,168,901.81	\$0	\$0	\$0	\$0
SYSTEM EXPENSES	\$41,062,928.42	\$5,859,316.94	\$6,331,745.38	\$1,846,209.77	\$1,961,830.16
NPAC ALLOCATED SHARE - EXPENSE	\$7,532,452.63	\$5,217,300.00	\$5,337,297.90	\$5,465,393.05	\$5,602,027.88
INCREMENTAL OVERHEAD EXPENSE	\$24,543,088.21	\$11,644,703.69	\$8,940,036.96	\$0.00	\$0.00
TOTAL INVESTMENT	\$52,061,077.28	\$8,408,069.67	\$4,284,687.28	\$81,980.90	\$84,030.42
TOTAL EXPENSES	\$253,223,847.77	\$77,510,692.23	\$43,064,586.95	\$12,930,901.34	\$13,323,639.02
 <u>QUERY INVESTMENTS</u>					
WHOLESALE QUERY					
SWITCH INVESTMENT	\$815,255.17	\$469,423.92	\$168,041.90	\$0.00	\$0.00
SWITCH EXPENSES	\$9,288,259.16	\$2,615,432.49	\$777,089.23	\$0.00	\$0.00
SS7 INVESTMENT	\$1,818,275.36	\$35,060.26	\$4,803.57	\$4,918.85	\$5,041.83
SS7 EXPENSES	\$1,516,863.55	\$671,929.81	\$570,241.18	\$337,157.91	\$345,586.86
SYSTEM INVESTMENT	\$365,700.97	\$0.00	\$0.00	\$0.00	\$0.00
SYSTEM EXPENSES	\$1,440,827.45	\$326,515.04	\$347,507.43	\$110,772.59	\$117,709.81
NPAC ALLOCATED SHARE - EXPENSE	\$451,947.16	\$313,038.00	\$320,237.87	\$327,923.58	\$336,121.67
INCREMENTAL OVERHEAD EXPENSE	\$1,148,165.49	\$698,682.22	\$536,402.22	\$0.00	\$0.00
DEFAULT QUERY					
SWITCH INVESTMENT	\$36,405.35	\$21,124.08	\$11,352.50	\$0.00	\$0.00
SWITCH EXPENSES	\$417,971.66	\$117,694.46	\$34,969.02	\$0.00	\$0.00
SS7 INVESTMENT	\$81,822.39	\$1,577.71	\$216.16	\$221.35	\$226.88
SS7 EXPENSES	\$68,258.86	\$30,236.84	\$25,660.85	\$15,172.11	\$15,551.41
SYSTEM INVESTMENT	\$16,306.63	\$0.00	\$0.00	\$0.00	\$0.00
SYSTEM EXPENSES	\$63,374.36	\$14,693.18	\$15,722.90	\$4,984.77	\$5,296.94
NPAC ALLOCATED SHARE - EXPENSE	\$20,337.62	\$14,086.71	\$14,410.70	\$14,756.56	\$15,125.48
INCREMENTAL OVERHEAD EXPENSE	\$66,266.34	\$31,440.70	\$24,138.10	\$0.00	\$0.00
LNP QUERY TOTAL INVESTMENT	\$3,133,765.86	\$527,185.97	\$184,414.13	\$5,140.20	\$5,268.71
LNP QUERY TOTAL EXPENSE	\$14,482,271.65	\$4,833,749.45	\$2,666,379.49	\$810,767.51	\$835,392.17
 <u>NET END-USER INVESTMENTS &amp; EXPENSES</u>					
LNP END-USER NET TOTAL INVESTMENTS	\$48,927,311.42	\$7,880,883.70	\$4,100,273.16	\$76,840.69	\$78,761.71
LNP END-USER NET TOTAL EXPENSES	\$238,741,576.12	\$72,676,942.79	\$40,398,207.46	\$12,120,133.83	\$12,488,246.85

**GTE**  
**FCC CHART 2b**  
**END-USER SURCHARGE REVENUE REQUIREMENT**

	<u>1999</u>	<u>2000</u>	<u>YEAR</u> <u>2001</u>	<u>2002</u>	<u>2003</u>
<b><u>NET END-USER INVESTMENTS &amp; EXPENSES</u></b>					
LNP END-USER NET TOTAL INVESTMENTS	\$48,927,311.42	\$7,880,883.70	\$4,100,273.16	\$76,840.69	\$78,761.71
LNP END-USER NET TOTAL EXPENSES	\$238,741,576.12	\$72,676,942.79	\$40,398,207.46	\$12,120,133.83	\$12,488,246.85
PRESENT WORTH FACTORS	0.89407	0.79935	0.71467	0.63897	0.57128
PRESENT WORTH INVESTMENTS	\$43,744,234.76	\$6,299,612.88	\$2,930,361.54	\$49,098.61	\$44,994.82
SUM OF PW INVESTMENTS	\$53,068,302.60				
<b><u>ANNUALIZED CAPITAL COSTS</u></b>					
AMORTIZATION	0.26241	\$13,925,530.93			
RETURN	0.00000	\$0.00			
TAXES					
Federal	0.02703	\$286,887.24			
State		\$0.00			
Property	0.00975	\$103,493.80			
Other		\$0.00			
TOTAL ANNUALIZED CAPITAL COSTS		\$14,315,911.98			
<b><u>ANNUALIZED EXPENSES</u></b>					
PRESENT WORTH EXPENSES		\$213,450,673.03	\$58,094,577.00	\$28,871,577.30	\$7,744,356
SUM OF PW EXPENSES		\$315,295,441.60			\$7,134,258
A/P FACTOR		0.26241			
TOTAL ANNUAL LEVELIZED EXPENSES		\$82,735,949.89			
SUM OF ANNUAL LEVELIZED COSTS		\$97,051,861.87			
<b><u>ACCESS LINES (From CHART 1)</u></b>					
ANNUAL LEVELIZED ACCESS LINES		21,360,136			
ANNUAL LEVELIZED SURCHARGE		\$4.5436			
(Annual Levelized Costs/Annual Levelized Lines)					
MONTHLY LEVELIZED SURCHARGE					
(Annual Surcharge/12)			\$0.3786		